The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

"[To insert the firm's letterhead]"

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HANGZHOU SCIWIND BIOSCIENCES CO., LTD., MORGAN STANLEY ASIA LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

INTRODUCTION

We report on the historical financial information of Hangzhou Sciwind Biosciences Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [●] to [●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "**Document**") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividend

We refer to note 12 to the Historical Financial Information which states that no dividend has been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants

Hong Kong
[REDACTED]

I HISTORICAL FINANCIAL INFORMATION

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024	2025
		RMB'000	*RMB'000*
Revenue	*5*	–	133,488
Cost of sales		–	(17,814)
Gross profit		–	115,674
Other income and gains	*5*	34,353	33,370
Selling and distribution expenses		(11,998)	(10,521)
Administrative expenses		(33,065)	(46,816)
Research and development expenses		(283,962)	(158,837)
Other expenses	*6*	(133)	(18,945)
Finance costs	*8*	(191,195)	(234,051)
Loss before tax		(486,000)	(320,126)
Income tax expense	*11*	–	–
Loss for the year attributable to ordinary equity holders of the parent		(486,000)	(320,126)
Other comprehensive (loss)/income for the year:			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of subsidiaries		(1,477)	390
Other comprehensive (loss)/income for the year, net of tax		(1,477)	390
Total comprehensive loss for the year attributable to ordinary equity holders of the parent		(487,477)	(319,736)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted loss per share (in RMB)	*13*	(22.87)	(13.80)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	51,982	45,371
Right-of-use assets	*15*	12,589	9,075
Intangible assets	*16*	405	661
Financial assets at fair value through profit or loss ("**FVTPL**")	*21*	136,939	124,575
Other non-current assets	*17*	1,882	4,010
Total non-current assets		203,797	183,692
CURRENT ASSETS			
Inventories	*18*	9,983	28,229
Trade receivables	*19*	–	4,113
Prepayments, other receivables and other assets	*20*	31,411	35,741
Financial assets at FVTPL	*21*	562,206	100,147
Time deposits	*22*	10,256	85,890
Cash and cash equivalents	*22*	639,772	839,071
Total current assets		1,253,628	1,093,191
CURRENT LIABILITIES			
Trade and bills payables	*23*	36,039	26,656
Other payables and accruals	*24*	22,917	39,210
Lease liabilities	*15*	3,923	4,070
Contract liabilities	*25*	73,644	90
Total current liabilities		136,523	70,026
NET CURRENT ASSETS		**1,117,105**	**1,023,165**
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,320,902**	**1,206,857**

	Notes	As at 31 December 2024	As at 31 December 2025
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Redemption liabilities on ordinary shares	26	2,780,799	3,013,977
Contract liabilities	25	424,541	400,595
Lease liabilities	15	9,248	5,456
Total non-current liabilities		3,214,588	3,420,028
Net liabilities		(1,893,686)	(2,213,171)
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	23,204	23,204
Deficits	29	(1,916,890)	(2,236,375)
Total deficits		(1,893,686)	(2,213,171)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

		Attributable to owners of the parent						
	Notes	**Share capital**	**Share premium***	**Other reserves***	**Share-based payment reserves***	**Exchange fluctuation reserves***	**Accumulated losses***	**Total**
		RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*
At 1 January 2024		20,975	991,173	(1,716,475)	124,923	5,537	(838,860)	(1,412,727)
Loss for the year		–	–	–	–	–	(486,000)	(486,000)
Other comprehensive loss for the year:								
Exchange differences on translation of financial statements of subsidiaries		–	–	–	–	(1,477)	–	(1,477)
Total comprehensive loss for the year		–	–	–	–	(1,477)	(486,000)	(487,477)
Issue of shares	*27*	2,229	465,271	–	–	–	–	467,500
Share-based payments	*28*	–	–	–	6,518	–	–	6,518
Recognition of redemption liabilities on ordinary shares	*26*	–	–	(467,500)	–	–	–	(467,500)
At 31 December 2024		23,204	1,456,444	(2,183,975)	131,441	4,060	(1,324,860)	(1,893,686)

Year ended 31 December 2025

		Attributable to owners of the parent							
	Note	Share capital	Share premium*	Other reserves*	Share-based payment reserves*	Safety production reserve*	Exchange fluctuation reserves*	Accumulated losses*	Total
		RMB'000 (*note 27*)	*RMB'000* (*note 29*)	*RMB'000* (*note 29*)	*RMB'000* (*note 29*)	*RMB'000* (*note 29*)	*RMB'000* (*note 29*)	*RMB'000* (*note 29*)	*RMB'000*
At 1 January 2025		23,204	1,456,444	(2,183,975)	131,441	–	4,060	(1,324,860)	(1,893,686)
Loss for the year		–	–	–	–	–	–	(320,126)	(320,126)
Other comprehensive income for the year:									
Exchange differences on translation of financial statements of subsidiaries		–	–	–	–	–	390	–	390
Total comprehensive income/(loss) for the year		–	–	–	–	–	390	(320,126)	(319,736)
Appropriation of safety production reserve		–	–	–	–	819	–	(819)	–
Share-based payments	*28*	–	–	–	251	–	–	–	251
At 31 December 2025		23,204	1,456,444	(2,183,975)	131,692	819	4,450	(1,645,805)	(2,213,171)

* The reserve accounts comprised deficits of RMB1,916,890,000 and RMB2,236,375,000 in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(486,000)	(320,126)
Adjustments for:			
Finance costs	*8*	191,195	234,051
Interest income	*5*	(10,172)	(16,560)
Depreciation of property, plant and equipment	*14*	8,589	9,002
Depreciation of right-of-use assets	*15*	3,440	3,514
Amortisation of intangible assets	*16*	218	297
Loss on disposal of property, plant and equipment	*6*	96	–
Fair value changes of financial assets at FVTPL, net	*5/6*	(2,206)	12,217
Investment income from financial assets at FVTPL	*5*	(5,003)	(11,719)
Foreign exchange differences, net	*5/6*	(512)	6,695
Share-based payments	*28*	6,518	251
		(293,837)	(82,378)
Increase in trade receivables		–	(4,113)
Decrease in prepayments, other receivables and other assets		30,648	231
Increase in inventories		(9,297)	(18,246)
Decrease in other non-current assets		577	–
Increase/(decrease) in trade and bills payables		3,047	(9,383)
(Decrease)/increase in other payables and accruals		(42)	15,976
Increase/(decrease) in contract liabilities		358,307	(97,500)
Cash generated from/(used in) operations		89,403	(195,413)
Interest received		9,916	9,808
Net cash flows generated from/(used in) operating activities		99,319	(185,605)

	Notes	Year ended 31 December 2024	2025
		RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(5,950)	(4,584)
Purchase of intangible assets		(29)	(553)
Purchases of financial assets at FVTPL		(1,980,000)	(5,886,000)
Proceeds from withdrawal of financial assets at FVTPL		1,520,000	6,346,000
Placements of time deposits with original maturity over three months		(10,000)	(298,431)
Proceeds from withdrawal of time deposits with original maturity over three months		–	224,085
Investment income		5,027	19,389
Net cash flows (used in)/generated from investing activities		(470,952)	399,906
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		467,500	–
[REDACTED]		**[REDACTED]**	**[REDACTED]**
Repayment of interest-bearing bank borrowing		(9,900)	–
Principal portion of lease payments		(2,793)	(3,645)
Interest paid		(1,164)	(873)
Net cash flows generated from/(used in) financing activities		453,643	(8,248)

	Notes	Year ended 31 December 2024	2025
		RMB'000	*RMB'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS		82,010	206,053
Cash and cash equivalents at beginning of the year		555,788	639,772
Effect of foreign exchange rate changes, net		1,974	(6,754)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*22*	639,772	839,071
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances, unrestricted		350,579	809,304
Time deposits with initial term of less than three months when acquired		289,193	29,767
Cash and cash equivalents as stated in the consolidated statements of cash flows		639,772	839,071

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2024	2025
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	18,902	17,652
Right-of-use assets		898	513
Intangible assets	*16*	405	661
Investments in subsidiaries	*1*	315,995	310,598
Financial assets at FVTPL	*21*	136,939	124,575
Other non-current assets	*17*	107	1,118
Total non-current assets		473,246	455,117
CURRENT ASSETS			
Inventories	*18*	9,740	28,109
Amounts due from subsidiaries	*33*	187,962	193,956
Trade receivables	*19*	–	4,113
Prepayments, other receivables and other assets	*20*	29,854	34,640
Financial assets at FVTPL	*21*	562,206	100,147
Time deposits	*22*	10,256	85,890
Cash and cash equivalents	*22*	582,363	794,618
Total current assets		1,382,381	1,241,473
CURRENT LIABILITIES			
Amounts due to subsidiaries	*33*	40,326	25,228
Trade and bills payables	*23*	30,381	24,318
Other payables and accruals	*24*	16,606	33,574
Lease liabilities		385	420
Contract liabilities	*25*	73,644	90
Total current liabilities		161,342	83,630
NET CURRENT ASSETS		**1,221,039**	**1,157,843**
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,694,285**	**1,612,960**
NON-CURRENT LIABILITIES			
Redemption liabilities on ordinary shares	*26*	2,780,799	3,013,977
Contract liabilities	*25*	424,541	400,595
Lease liabilities		420	–
Total non-current liabilities		3,205,760	3,414,572
Net liabilities		(1,511,475)	(1,801,612)

		As at 31 December	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
EQUITY			
Share capital	*27*	23,204	23,204
Deficits	*29*	(1,534,679)	(1,824,816)
Total deficits		(1,511,475)	(1,801,612)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Hangzhou Sciwind Biosciences Co., Ltd. (hereinafter the "**Company**") was established in Chinese mainland on 17 August 2017 and was converted into a joint stock company with limited liability on 8 September 2023. The registered office address of the Company is Room 901, 9th Floor, Building 2, No. 400, Fucheng Road, Qiantang District, Hangzhou, Zhejiang, the People's Republic of China (the **"PRC"**).

The Company is a pre-commercialisation stage biotechnology company. During the Relevant Periods, the Company and its subsidiaries (the "**Group**") are principally engaged in the research, development and commercialisation of pharmaceutical products.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside the PRC, have substantially similar characteristics to a private company incorporated in the PRC), the particulars of which are set out below:

Name of entity	Place and date of incorporation /registration and place of operations	Issued ordinary /registered share capital	Percentage of equity directly attributable to the Company	Principal activities
			%	
Beijing Sciwind Biotechnology Co., Ltd.* ("**Beijing Sciwind**") 北京先為達生物科技有限公司 (a)	Chinese mainland / 15 October 2020	RMB10,000,000	100	CMC and clinical development
Sciwind Biotech (Shanghai) Co., Ltd.* ("**Shanghai Sciwind**") 先為達生物科技(上海)有限公司 (a)	Chinese mainland / 6 December 2021	RMB10,000,000	100	Early research
Sciwind Biosciences USA Co., Ltd. (a) ("**USA Sciwind**")	United States / 26 October 2020	United States Dollar ("**USD**") 26,800,000	100	Clinical development
Sciwind Biosciences APAC Co., Pty Ltd. (a) ("**AUS Sciwind**")	Australia /3 May 2019	Australian Dollar ("**AUD**") 21,500,088	100	Clinical development and business development

Note:

(a) No statutory financial statements of the entities for the Relevant Periods were audited as of the date of the report.

* The English names of these entities represent the best effort made by the directors of the Company, as they have not been registered with official English names.

The investments in subsidiaries in the Company's statements of financial position represent:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Investments in subsidiaries, at cost	315,995	310,598

As at the end of each Relevant Periods, no impairment indicator was identified for the investments in subsidiaries, considering (i) the progress of all pipelines remains in line with expectations; (ii) no significant adverse changes in the operating environment, management stability and governance structure of these subsidiaries; and (iii) no plan for the discontinuation, restructuring or disposal of any of the subsidiaries.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations as issued by the International Accounting Standards Board (the "**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

Notwithstanding that the Group recorded net liabilities of RMB2,213,171,000 as at 31 December 2025 and incurred recurring losses from operations, the Historical Financial Information has been prepared on a going concern basis. The net liabilities were primarily due to redemption liabilities on ordinary shares of RMB3,013,977,000 arising from historical external financing, which will be ceased from the date before the completion of an [**REDACTED**] on the Stock Exchange. The directors of the Company are of the opinion that the Company is not obligated to settle the redemption liabilities in the next twelve months from 31 December 2025 and will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 31 December 2025 based on the review of the Group's projected cash flows.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial assets at fair value through profit or loss, which are carried at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual periods/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements. The application of IFRS 18 will have no impact on the consolidated statement of financial position of the Group, but is expected to have impact on the presentation of the consolidated statement of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that the application of these new and revised IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An Impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment	32%
Machinery and equipment	9.5%-19%
Motor vehicles	23.75%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 years. The estimated useful life of 3 years for software is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	3 to 8 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate used to determine such lease payments) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a general matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and redemption liabilities on ordinary shares.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and redemption liabilities on ordinary shares are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, and short term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks, and short-term deposits as defined above.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group's revenue is generated from the licence-out agreements which generally contain multiple performance obligations including (1) licences of intellectual property rights; (2) the research and development services and (3) clinical supplies.

(a) Licence-out revenue

The Group's licence-out agreements may contain several performance obligations, including grant of intellectual property licences, rendering research and development services and providing other deliverables. As part of the accounting for the agreement, the Group must develop assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified. In developing the stand-alone selling price for a performance obligation, the Group considers competitor pricing for a similar or identical product, market awareness of and perception of the product, expected product life, and potential market size. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied, limited to the consideration that is not constrained. Non-refundable upfront payments received are recorded as contract liabilities before respective performance obligations are satisfied.

*Licences of intellectual property ("**IP**"):* Non-refundable upfront payments for licensing the IP are evaluated to determine if it is distinct from other performance obligations identified in the agreement. For licences determined to be distinct, the Group recognises revenues at the point in time, when the IP is licenced to the licensee and the licensee is reasonably able to use and benefit from the licence.

Options to licence intellectual property: Non-refundable upfront payments for options to licence the Group's IP are evaluated to determine if the option represents a material right and is distinct from the other performance obligations identified in the agreement. For options determined to be a material right and distinct, the Group defers the non-refundable up-front fees allocated to the option and recognises revenue at the point in time, at the earlier of when the option is exercised and licenced to the licence, or when the option expires.

Milestone payments: At the inception of each agreement that includes milestone payments, the Group evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Due to the uncertainty involved in meeting such milestones, they are generally fully constrained at contract inception. The Group will assess whether the variable consideration is fully constrained in each Relevant Periods based on the facts and circumstances. Upon changes to the constraint associated with the milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognised is not expected to occur.

Royalties: For arrangements that include sales-based royalties and the licence is deemed to be the predominant item to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Research and development service revenue: Research and development service revenue is recognised over the time when the customer simultaneously receives and benefits from the services or at the point in time when the control of the services is rendered.

Clinical supply revenue: Clinical supply revenues are recognised at the point in time when such samples are transferred. The clinical supply manufacturing service revenue is recognised on a gross or net basis, depending on whether the Group controls those samples before they are transferred to the customers.

Other income

Bank interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are set out in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of restricted shares unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

The employees of the Group which operates in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The subsidiary in the United States maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the United States. These plans are defined contribution plans covering substantially all qualifying employees of that subsidiary and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiaries in the United States with respect to the retirement benefit plans is to make the specified contributions under the plans.

Events after the reporting period

If the Group receives information after each Relevant Periods, but prior to the date of authorisation for issue, about conditions that existed at the end of each of the Relevant Periods, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after each Relevant Periods and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after each Relevant Periods, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Relevant Periods and their statements of profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the Relevant Periods are translated into RMB at the average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development ("R&D") expenses

Development costs incurred on the Group's drug product pipelines are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make judgement regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Relevant Periods, all research and development expenses were charged to profit or loss as incurred since no development costs met these criteria.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

At the end of each of the Relevant Periods, no indicators of impairment of non-financial assets of the Group were identified, given that (i) such assets of the Group were neither obsolete nor physically damaged, and (ii) the Group's operations and pipelines were making progress as planned and the losses incurred during the Relevant Periods did not exceed the budgets for the same periods.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

R&D expenses

The Group corporates with outsourced service providers to conduct, supervise, and monitor certain pre-clinical and clinical studies. Determining the amounts of research and development expenses incurred up to the end of each Relevant Periods requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with outsourced service providers using inputs such as the number of patient enrolments, visits completed and milestone achieved.

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 28 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. SEGMENT INFORMATION

Operating segment information

The Group is engaged in biopharmaceutical research and development, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's directors for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
United Kingdom	–	128,123
South Korea	–	4,901
Chinese mainland	–	464
Total	**–**	**133,488**

The revenue information above is based on the locations of the headquarters of the Group's customers.

(b) Non-current assets

Since all of the Group's non-current assets were located in Chinese mainland, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

During the year ended 31 December 2025, revenue of approximately RMB128,123,000 was derived from a license-out agreement with a single customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Types of services — at a point in time		
Licence-out revenue	–	106,501
R&D service revenue	–	5,899
Clinical supply revenue	–	21,088
Total	**–**	**133,488**

The following table shows the amounts of revenue recognised in the year ended 31 December 2025 that were included in the contract liabilities at the beginning of 2025:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Licence-out revenue	–	106,501

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Licence-out revenue

The Group entered into multiple licence agreements with third parties (the "**Licences**"), pursuant to which the Licences shall obtain exclusive licences for developing, manufacture, and commercializing certain innovative therapies developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied on acceptance of a good or a service. The Group usually receives non-refundable upfront payments in accordance with licence agreements and is eligible to receive milestone payments and tiered royalty payments based on net sales in the territories.

R&D service revenue

The performance obligation is recognised over the time when the customer simultaneously receives and benefits from the services or at the point in time when the control of the services is rendered and payment is generally due upon completion of services and customer confirmation.

Clinical supply revenue

The performance obligation is satisfied at the point in time when control is transferred and payment is generally due within 30 days from billing issuance.

In October 2024, the Company and a subsidiary of the Company and Verdiva Bio Limited ("**Verdiva**") entered into a licence-out agreement (the "**Verdiva Agreement**") regarding future development and commercialization of a portfolio of certain GLP-1 and amylin receptor agonists, including oral ecnoglutide (XW004), subcutaneous injectable amylin receptor agonist (XW015), and oral amylin receptor agonist (XW016), outside Greater China and Korea. Pursuant to the Verdiva agreement, the Company was entitled to a one-time and non-refundable cash upfront payment of USD42,048,000 (RMB302,130,000 equivalent) and other non-monetary consideration, as well as future milestone and royalty payments. As of December 2024, the Company had received all upfront payment. The Company will also be entitled to receive compensation for R&D services and clinical supply. During the year ended 31 December 2025, the Company recognised license-out revenue of RMB106,501,000 and R&D service and clinical supply revenue of RMB21,622,000.

In April 2024, the Company and Customer B entered into a licence-out agreement regarding future development and commercialization of the obesity, T2D and MASH indications of injectable ecnoglutide (XW003) in South Korea, pursuant to which the Company was entitled to receive upfront and milestone payments. In June 2024, the Company received a one-time and non-refundable payment of USD3,000,000 (RMB21,380,000 equivalent). The Company was also entitled to receive compensation for R&D services and clinical supply. During the year ended 31 December 2025, the Company recognised R&D services and clinical supply revenue of RMB4,901,000.

In June 2024, the Company and Customer C entered into a licence-out agreement regarding future development and commercialization of a broad-spectrum antiviral inhalation in Greater China and certain regions mainly in Asia, pursuant to which the Company was entitled to upfront and milestone payments. In August 2024, the Company received a one-time and non-refundable payment of RMB40,000,000 (RMB37,736,000 excluding tax). In March 2025, the Company received a one-time and non-refundable payment of RMB10,000,000 (RMB9,434,000 excluding tax). The Company was also entitled to receive compensation for R&D services. During the year ended 31 December 2025, the Company recognised R&D services revenue of RMB464,000.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2025 are as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	73,644	90
After one year	424,541	400,595
Total	**498,185**	**400,685**

The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Other income		
Government grants *(a)*	16,401	5,090
Bank interest income	10,172	16,560
Investment income from financial assets at FVTPL	5,003	11,719
Others	56	–
Total other income	**31,632**	**33,369**
Gains		
Fair value gains on financial assets at FVTPL	2,206	–
Foreign exchange gains, net	512	–
Others	3	1
Total gains	**2,721**	**1**
Total other income and gains	**34,353**	**33,370**

Note:

(a) Government grants were received mainly as compensation for the R&D activities of the Group. There are no unfulfilled conditions relating to these grants.

6. OTHER EXPENSES

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Fair value losses on financial assets at FVTPL, net	–	12,217
Loss on disposal of items of property, plant and equipment	96	–
Foreign exchange loss – net	–	6,695
Others	37	33
Total	**133**	**18,945**

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December	
		2024	**2025**
		RMB'000	*RMB'000*
Cost of inventories sold		–	12,972
Cost of licence-out		–	2,732
Cost of services provided		–	2,110
Depreciation of property, plant and equipment	*14*	8,589	9,002
Amortisation of intangible assets	*16*	218	297
Depreciation of right-of-use assets	*15*	3,440	3,514
Expenses relating to short-term lease and low-value lease expenses	*15*	339	439
[REDACTED]		**[REDACTED]**	**[REDACTED]**
Government grants	*5*	(16,401)	(5,090)
Investment income from financial assets at FVTPL	*5*	(5,003)	(11,719)
Bank interest income	*5*	(10,172)	(16,560)
Foreign exchange differences, net	*5/6*	(512)	6,695
Loss on disposal of items of property, plant and equipment	*6*	96	–
Fair value changes on financial assets at FVTPL, net	*5/6*	(2,206)	12,217
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 9)*):			
– Salaries, bonuses, allowances and benefits in kind		72,966	56,267
– Pension scheme contributions		13,776	13,646
– Share-based payments		2,966	2,857
Total		**89,708**	**72,770**

8. FINANCE COSTS

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Interest on redemption liabilities	190,039	233,178
Interest on lease liabilities	1,135	873
Interest on bank borrowings	21	–
Total finance costs	**191,195**	**234,051**

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Fees	300	439
Salaries, bonuses, allowances and benefits in kind	11,607	9,262
Pension scheme contributions	452	330
Share-based payments *(a)*	3,552	2,480
Subtotal	15,611	12,072
Total	**15,911**	**12,511**

Note:

(a) Certain share options were forfeited during the year ended 31 December 2025 as specific vesting conditions were not satisfied. The Company reversed the share-based payment expenses amounted to RMB5,086,000, which was not included in the share-based payment expenses of RMB2,480,000 for the year ended 31 December 2025.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Mr. Gang Wang *(a)*	100	153
Mr. Yi Dong *(b)*	100	75
Mr. Miao Zhang *(c)*	100	129
Mr. Shigang Deng *(d)*	–	82
Total	**300**	**439**

Notes:

(a) Mr. Gang Wang was appointed as an independent director with effect from 18 August 2023.

(b) Mr. Yi Dong was appointed as an independent director with effect from 18 August 2023 and tendered his resignation on 16 September 2025.

(c) Mr. Miao Zhang was appointed as an independent director with effect from 18 August 2023.

(d) Mr. Shigang Deng was appointed as an independent director with effect from 16 September 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and the chief executive

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Executive director and chief executive:				
Dr. Hai Pan *(a)*	2,713	59	–	2,772
Executive directors:				
Mr. Weidong Zhong *(b)*	4,266	136	1,669	6,071
Dr. Xinle Wu *(c)*	2,911	121	917	3,949
Mr. Yao Li *(d)*	1,012	68	568	1,648
Ms. Liu Yang *(e)*	705	68	398	1,171
Subtotal	8,894	393	3,552	12,839
Non-executive director:				
Mr. Hao Qin *(f)*	–	–	–	–
Total	**11,607**	**452**	**3,552**	**15,611**

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Executive director and chief executive:				
Dr. Hai Pan *(a)*	2,876	63	280	3,219
Executive directors:				
Mr. Weidong Zhong *(b)*	318	11	–	329
Dr. Xinle Wu *(c)*	2,973	63	947	3,983
Mr. Yao Li *(d)*	995	70	647	1,712
Ms. Liu Yang *(e)*	652	70	413	1,135
Mr. Baolei Han *(g)*	1,448	53	193	1,694
Subtotal	6,386	267	2,200	8,853
Non-executive director:				
Mr. Hao Qin *(f)*	–	–	–	–
Total	**9,262**	**330**	**2,480**	**12,072**

Notes:

(a) Dr. Hai Pan was appointed as an executive director and chief executive with effect from 17 August 2017.

(b) Mr. Weidong Zhong was appointed as a director with effect from 20 September 2021 and tendered his resignation on 3 February 2025 due to his own business commitment. A total share-based payment expense of RMB5,086,000 recognised for Mr. Weidong Zhong was reversed upon his departure, which was not included in the share-based payment expenses of RMB2,480,000 for the year ended 31 December 2025.

(c) Dr. Xinle Wu was appointed as a director with effect from 20 September 2021 and was redesignated as an executive director with effect from 16 September 2025.

(d) Mr. Yao Li was appointed as a director with effect from 15 May 2020 and was redesignated as an executive director with effect from 16 September 2025.

(e) Ms. Liu Yang was appointed as a director with effect from 14 October 2020 and was redesignated as an executive director with effect from 16 September 2025.

(f) Mr. Hao Qin was appointed as a director with effect from 18 August 2023 and was redesignated as a non-executive director with effect from 16 September 2025.

(g) Mr. Baolei Han was appointed as a director with effect from 18 April 2025 and was redesignated as an executive director with effect from 16 September 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

Certain directors were granted restricted shares and share options in respect of their services to the Group, further details of which are set out in note 28 to the Historical Financial Information. The fair values of such restricted shares and share options, which have been recognised in profit or loss over the vesting period, were determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods, are included in the above directors' and chief executive's remuneration disclosures.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the Relevant Periods, included three and two directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two and three highest paid employees, during the Relevant Periods, respectively, who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	6,185	6,149
Pension scheme contributions	236	192
Share-based payments	541	155
Total	**6,962**	**6,496**

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2024	**2025**
HKD2,000,001 to HKD2,500,000	–	2
HKD2,500,001 to HKD3,000,000	–	1
HKD3,000,001 to HKD3,500,000	1	–
HKD3,500,001 to HKD4,000,000	1	–
Total	**2**	**3**

Certain share options and restricted shares were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the Historical Financial Information. The fair value of such share options and restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the consolidated financial statements for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX EXPENSE

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loss before income tax	(486,000)	(320,126)
Tax calculated at a tax rate of 25%	(121,500)	(80,032)
Effect of different tax rates	1,926	28,440
Additional deductible allowance for qualified research and development expenses	(52,207)	(43,014)
Deductible temporary difference and tax losses not recognised	122,948	36,569
Expenses not deductible for tax	51,004	58,952
Tax losses utilised from previous periods	–	(915)
Income not subject to tax	(2,171)	–
Tax charge at the Group's effective rate	**–**	**–**

Current income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) Chinese mainland corporate income tax

Subsidiaries in Chinese mainland are subject to income tax at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), except for Hangzhou Sciwind which obtained its High and New Technology Enterprise qualification ("**HNTE**") in December 2025 and hence is entitled to a preferential tax rate of 15% for a three-year period commencing from 2025.

No provision for Chinese mainland corporate income tax was made for, as there were no assessable profits arising in Chinese mainland.

(b) Australia corporate income tax

The subsidiary incorporated in Australia is subject to income tax at a rate of 30% on the estimated assessable profits during the Relevant Periods.

No provision for Australia corporate income tax was provided for as there were no assessable profits arising in Australia.

(c) The United States of America ("the US") corporate income tax

USA Sciwind, which was incorporated in California, was subject to statutory federal corporate income tax at a rate of 21% during the Relevant Periods. It was also subject to the state income tax at a rate of 8.84% during the Relevant Periods.

No provision for US corporate income tax was provided.

(d) ***Deferred tax assets not recognised:***

The Group has not recognised any deferred tax assets in respect of the following items:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Deductible temporary difference	2,315	12,086
Tax losses	2,148,504	2,392,877
Total	**2,150,819**	**2,404,963**

No deferred tax asset has been recognised in respect of the deductible temporary difference and the tax losses as the Group is not considered probable that taxable profits will be available against which the above items can be utilised.

(e) ***Tax losses that are not recognised as deferred tax assets will expire in the following years:***

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
2027	3,212	3,212
2028	753,545	77,782
2029	537,662	150,333
2030	100,115	182,838
2031-2035	483,392	1,712,434
Indefinite	270,578	266,278
Total	**2,148,504**	**2,392,877**

The tax losses of Hangzhou Sciwind from 2020 will expire within ten years as Hangzhou Sciwind obtained HNTE in December 2025. The tax losses of the other Company's PRC entities will expire within five years. The tax losses of the Company's oversea subsidiaries can be carried forward indefinitely.

(f) ***For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:***

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Gross deferred tax assets at end of the year – lease liabilities	3,147	2,217
Gross deferred tax liabilities at end of the year – right-of-use assets	(3,147)	(2,217)
Total	–	–

12. DIVIDEND

No dividend was declared or paid by the Company during the Relevant Periods.

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods in respect of a dilution as the impact of outstanding potential ordinary shares in relation to share-based payments had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic and diluted loss per share is based on:

	Year ended 31 December	
	2024	2025
Loss attributable to ordinary equity holders of the parent *(RMB'000)*	(486,000)	(320,126)
Weighted average number of ordinary shares outstanding during the year, used in the basic and diluted loss per share calculation *('000)*	21,246	23,204
Basic and diluted loss per share *(RMB)*	(22.87)	(13.80)

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
At 1 January 2024				
Cost	40,746	2,274	15,899	58,919
Accumulated depreciation	(10,755)	(674)	(4,353)	(15,782)
Net carrying amount	29,991	1,600	11,546	43,137
At 1 January 2024, net of accumulated depreciation	29,991	1,600	11,546	43,137
Additions	17,530	–	–	17,530
Disposals	(96)	–	–	(96)
Depreciation charge	(5,279)	(880)	(2,430)	(8,589)
At 31 December 2024, net of accumulated depreciation	42,146	720	9,116	51,982
As at 31 December 2024				
Cost	58,112	2,274	15,899	76,285
Accumulated depreciation	(15,966)	(1,554)	(6,783)	(24,303)
Net carrying amount	42,146	720	9,116	51,982

	Machinery and equipment	Office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025					
Cost	58,112	2,274	–	15,899	76,285
Accumulated depreciation	(15,966)	(1,554)	–	(6,783)	(24,303)
Net carrying amount	42,146	720	–	9,116	51,982
At 1 January 2025, net of accumulated depreciation	42,146	720	–	9,116	51,982
Additions	1,615	239	537	–	2,391
Depreciation charge	(6,104)	(467)	–	(2,431)	(9,002)
At 31 December 2025, net of accumulated depreciation	37,657	492	537	6,685	45,371
At 31 December 2025					
Cost	59,727	2,513	537	15,899	78,676
Accumulated depreciation	(22,070)	(2,021)	–	(9,214)	(33,305)
Net carrying amount	37,657	492	537	6,685	45,371

The Company

	Machinery and equipment
	RMB'000
31 December 2024	
At 1 January 2024	
Cost	11,720
Accumulated depreciation	(5,034)
Net carrying amount	6,686
At 1 January 2024, net of accumulated depreciation	6,686
Additions	17,185
Disposals	(2,944)
Depreciation charge	(2,025)
At 31 December 2024, net of accumulated depreciation	18,902
At 31 December 2024	
Cost	21,619
Accumulated depreciation	(2,717)
Net carrying amount	18,902

	Machinery and equipment	Office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025				
At 1 January 2025				
Cost	21,619	–	–	21,619
Accumulated depreciation	(2,717)	–	–	(2,717)
Net carrying amount	18,902	–	–	18,902
At 1 January 2025, net of accumulated depreciation	18,902	–	–	18,902
Additions	145	108	537	790
Depreciation charge	(2,040)	–	–	(2,040)
At 31 December 2025, net of accumulated depreciation	17,007	108	537	17,652
At 31 December 2025				
Cost	21,764	108	537	22,409
Accumulated depreciation	(4,757)	–	–	(4,757)
Net carrying amount	17,007	108	537	17,652

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 3 and 8 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Offices premises
	RMB'000
As at 1 January 2024	14,843
Additions	1,186
Depreciation charge	(3,440)
As at 31 December 2024 and 1 January 2025	12,589
Depreciation charge	(3,514)
As at 31 December 2025	9,075

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	14,778	13,171
New leases	1,186	–
Accretion of interest recognised during the year	1,135	873
Payments	(3,928)	(4,518)
Carrying amount at the end of the year	13,171	9,526
Analysed into:		
Current portion	3,923	4,070
Non-current portion	9,248	5,456

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Depreciation of right-of-use assets	3,440	3,514
Interest on lease liabilities	1,135	873
Expenses relating to short-term lease and low-value lease expenses	339	439
Total amount recognised in profit or loss	**4,914**	**4,826**

(d) The total cash outflow for leases is disclosed in note 30 to the Historical Financial Information.

16. INTANGIBLE ASSETS

The Group and the Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
At 1 January:		
Cost	631	660
Accumulated amortisation	(37)	(255)
Net carrying amount	594	405
At 1 January, net of accumulated amortisation	594	405
Additions	29	553
Amortisation provided during the year	(218)	(297)
At 31 December, net of accumulated amortisation	405	661
At 1 January:		
Cost	660	1,213
Accumulated amortisation	(255)	(552)
Net carrying amount	405	661

17. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Prepayment for property, plant and equipment	117	2,245
Rental deposits	1,765	1,765
Total	**1,882**	**4,010**

The Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Prepayment for property, plant and equipment	33	1,044
Rental deposits	74	74
Total	**107**	**1,118**

18. INVENTORIES

The Group

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Raw materials	1,383	12,867
Work in progress	–	6,689
Contract costs	8,600	8,673
Total	**9,983**	**28,229**

The Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Raw materials	1,383	12,867
Work in progress	–	6,689
Contract costs	8,357	8,553
Total	**9,740**	**28,109**

19. TRADE RECEIVABLES

The Group and the Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Trade receivables – within 1 year	–	4,113
Impairment	–	–
Net carrying amount	–	4,113

The credit period is generally one month. The Group seeks to maintain strict control over its outstanding receivables and finance department is to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a few numbers of customers, there is a concentration of credit risk.

Trade receivables had no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Prepayments for research and development services	12,251	19,165
Value-added taxes recoverable	17,802	11,075
Prepaid [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other prepayments	753	702
Deposits and other receivables	605	238
Total	**31,411**	**35,741**

The Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Prepayments for research and development services	11,251	18,812
Value-added taxes recoverable	17,643	10,967
Prepaid [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other prepayments	561	276
Deposits and other receivables	399	24
Total	**29,854**	**34,640**

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Current		
Wealth management products *(a)*	562,206	100,147
Non-current		
Other unlisted investment *(b)*	136,939	124,575

Notes:

(a) Wealth management products are issued by banks in Chinese mainland with an expected interest rate from 1.05% to 2.70%. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(b) Other unlisted investment represents the non-monetary consideration received related to the Verdiva Agreement.

22. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

The Group

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Cash and bank balances	350,579	809,304
Time deposits with initial maturity within three months	289,193	29,767
Total cash and cash equivalents	639,772	839,071
Time deposits with original maturity between three and twelve months	10,256	85,890
Total cash and cash equivalents and time deposits	650,028	924,961
Denominated in		
– RMB	288,101	568,040
– USD	340,368	336,685
– AUD	21,559	20,236
Total cash and cash equivalents and time deposits	**650,028**	**924,961**

The Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Cash and bank balances	293,170	794,618
Time deposits with initial maturity within three months	289,193	–
Total cash and cash equivalents	582,363	794,618
Time deposits with original maturity between three and twelve months	10,256	85,890
Total cash and cash equivalents and time deposits	592,619	880,508
Denominated in		
– RMB	259,025	565,865
– USD	333,593	314,642
– AUD	1	1
Total	**592,619**	**880,508**

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE AND BILLS PAYABLES

The Group

An ageing analysis of the trade and bills payables as at the end of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Within 1 year	36,039	26,656

The Company

An ageing analysis of the trade and bills payables as at the end of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Within 1 year	30,381	24,318

Note:

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

24. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Payroll payables	11,407	12,435
Government grant payables *(a)*	8,699	10,699
Accruals and payables for [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Payables for service suppliers	902	1,738
Accrued royalties	–	7,408
Other taxes payable	542	626
Others	1,367	1,537
Total	**22,917**	**39,210**

The Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Government grant payables *(a)*	8,699	10,699
Payroll payables	7,283	7,918
Accruals and payables for **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Accrued royalties	–	7,409
Other taxes payable	353	492
Payables for service suppliers	66	1,039
Others	205	1,250
Total	**16,606**	**33,574**

Note:

(a) Government grant payables represent government grants received relating to profit or loss with unfulfilled conditions attached.

Other payables are non-interest-bearing and have an average term of 30 days.

25. CONTRACT LIABILITIES

The Group and the Company

The Group and the Company have recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Advances received from customers		
Licence-out upfront payments	498,185	400,685
Non-current	424,541	400,595
Current	73,644	90
Total	**498,185**	**400,685**

The balance mainly represents the payments received under the various licence-out arrangements as set out in note 5 to the Historical Financial Information. The Company recognised these payments as contract liabilities because the performance obligations under these licence-out arrangements had yet to be fulfilled.

26. REDEMPTION LIABILITIES ON ORDINARY SHARES

From September 2017 to November 2024, the Company completed seven rounds of pre-[**REDACTED**] investments, namely Series Pre-A Investments, Series A Investments, Series B Investments, Series C Investments, Series C+ Investments, Series C++ Investments and Series D Investments (collectively referred as "**Pre-[REDACTED] Investments**"). 13,782,649 shares ("**Shares**") were issued and registered under the Pre-[**REDACTED**] Investments. More details of the Pre-[**REDACTED**] Investments are fully explained in the paragraph headed "Overview" of the section headed "PRE-[**REDACTED**] INVESTMENTS" in the Document.

The key terms of the Shares are summarised as follows:

Redemption features

Upon occurrence of the following events, the Shares shall be redeemable at the option of the Pre-[**REDACTED**] Investments holders: (i) The Company failed to complete a qualified [**REDACTED**] ("[**REDACTED**]") by 7 April 2027; (ii) Changes in the actual controller of the Company, except for capital increase approved by the shareholders' meeting in accordance with the agreement; (iii) If the Company has already met the conditions for a qualified [**REDACTED**] and the Pre-[**REDACTED**] Investments holders vote in favour of a qualified [**REDACTED**], but the Company fails to apply for [**REDACTED**] due to the commitment person or a director appointed by a non-repurchaser on the Company's board of directors not voting in favour of a qualified [**REDACTED**]; (iv) After the Company submits an [**REDACTED**] for [**REDACTED**], the [**REDACTED**] is rejected by the [**REDACTED**] regulatory authority, or the certified public accountant is unable to issue an unqualified audit report and the new certified public accountant still cannot issue an unqualified audit report; (v) Any promisor seriously violates the provisions or guarantees in the transaction documents and fails to take timely remedial measures, thereby causing the Company or its main business to be unable to continue operating, or having a significant adverse impact on the business development of the Company or the Group; (vi) The Company or any significant subsidiary of the Group is ordered to suspend business operations, or other circumstances occur where it loses its business qualifications or is unable to carry out its main business; (vii) Any promisor who commits major criminal violations, major integrity issues or major illegal acts related to business operations; or (viii) Where any shareholder of the Company requests any promisor or the entity designated by him to repurchase/acquire the shares of the Company held by him, or where any promisor or the entity designated by him repurchases/acquires the shares of the Company held by any shareholder of the Company.

The redemption amount is calculated as the sum of the original issue price of the shares, plus interest calculated with an effective interest rate at 10%, and plus all declared but unpaid dividends thereon.

Such redemption features will be ceased from the date before the completion of an [**REDACTED**] on the Stock Exchange.

Liquidation preferences

In the event of any bankruptcy, liquidation, dissolution or termination of the Company (collectively referred as "**legal liquidation events**"), or in the event of the overall sale of the Company, holders of the Shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, the amount for liquidation is the higher of (i) the original issue price for each series equity share at 10% interest rate per annum or the original issue price multiplied by 130%, plus any dividends declared but unpaid thereon; (ii) the actual paid-in shareholding ratio of the investor in the Company multiplied by the amount of distributable liquidation assets.

Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require that (i) the Company to issue additional paid-in capital or the founding team to transfer the shares at the nominal price of RMB1.00 or the minimum consideration permitted by law to the investors or (ii) receive cash compensation, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

Presentation and classification

The Group had consistently recognised Shares as redemption liabilities on ordinary shares measured at amortised cost as (i) not all redemption events are within the control of the Company; (ii) not all deemed liquidation events are within the control of the Company; and (iii) their contractual cash flows are solely payments of principal and interest. Therefore, these financial instruments did not meet the definition of equity for the Company. Any changes in the carrying amount of the financial liabilities were recorded in profit or loss.

Redemption liabilities on ordinary shares as at the end of each of the Relevant Periods are classified as non-current liabilities as the redemption events and deemed liquidation events are expected to be triggered after 12 months from the date of this report.

The Group and the Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Non-current		
Redemption liabilities on ordinary shares	2,780,799	3,013,977

The movements of the redemption liabilities on ordinary shares are set out below:

The Group and the Company

	RMB'000
As at 1 January 2024	2,123,260
Issue of shares	467,500
Accretion of interest	190,039
As at 31 December 2024 and 1 January 2025	2,780,799
Accretion of interest	233,178
As at 31 December 2025	3,013,977

27. SHARE CAPITAL

The Group and the Company

A summary of movements in the Company's share capital is as follows:

Issued and fully paid:

	Number of ordinary shares	**Share capital**
		RMB'000
As at 1 January 2024	20,974,763	20,975
Issue of shares *(a)*	2,228,583	2,229
As at 31 December 2024, 1 January 2025 and 31 December 2025	23,203,346	23,204

Note:

(a) On 11 November 2024, the Company passed shareholders' resolutions and approved the increase of the share capital of the Company from RMB20,975,000 to RMB23,204,000. The proceeds for the issue of shares were received in December 2024, with approximately RMB2,229,000 and RMB465,271,000 credited to the Company's share capital and share premium, respectively.

28. SHARE-BASED PAYMENTS

2020 Restricted Share Units ("RSUs") Plan

On 14 August 2020, a restricted share units plan (the "**2020 RSUs Plan**") was approved to provide incentives to qualified participants who have contributed to the successful operation of the Group. The source of the shares in this plan is the equity of the Company held by Beijing Heweida Enterprise Management Consulting Center (Limited Partnership), a holding platform. Each RMB1.00 paid-in capital is divided into 10 shares, with a total of 3,000,000 shares to be granted. The qualified participants increase their capital in the holding platform through obtaining shares of the holding platform, and thereby indirectly hold the equity of the Company.

Under the 2020 RSUs Plan, 13 employees have signed share incentive grant agreements. The subscription price for the RSUs granted to the qualified participants is RMB0.20 per share. The lock-up period of restricted shares is being the later of 60 months or 36 months from the date of completion the [**REDACTED**].

The number of RSUs outstanding under the 2020 RSUs Plan as at the end of each of the Relevant Periods were 2,400,000 and 2,400,000, respectively.

2021 Share Option Plan

On 13 December 2021, the Company approved a share option plan ("**2021 Share Option Plan**"). Beijing Heweida Enterprise Management Consulting Center (Limited Partnership), Shanghai Xiankeda Enterprise Management Consulting Partnership (Limited Partnership) and Hangzhou Shiweida Enterprise Management Consulting Partnership (Limited Partnership) serve as the shareholding platforms. Each RMB1.00 of paid-in capital is divided into 10 shares, with a total of 7,083,599 shares to be granted.

Under the 2021 Share Option Plan, a total of 9 domestic personnel and 3 foreign employees are granted with share options. The exercise price for the share options granted to the incentive recipients is RMB1 per share. The vesting period is 60 months from the grant date of the share options. The exercise period is 30 days from the date of receiving the exercise notice by the incentive recipients.

The following share options were outstanding under the 2021 Share Option Plan as at the end of each of the Relevant Periods:

	As at 31 December	
	2024	**2025**
	Number of share options (a)	*Number of share options (a)*
Outstanding as at beginning of the year	6,846,953	6,846,953
Forfeited during the year	–	(3,802,110)
Outstanding as at the end of the year	6,846,953	3,044,843

Note:

(a) Each share option presented in the table above equals one-tenth registered share capital of the Company.

The fair value of share options on the grant date is RMB3.96 per share option, which was estimated using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

	Grant date
Risk-free interest rate	2.71%
Expected volatility	49.54%
Ordinary share price (RMB per share)	4.78

2025 RSUs Plan

On 16 September 2025, a restricted share units plan (the "**2025 RSUs Plan**") was approved to provide incentives to qualified participants who have contributed to the successful operation of the Group. The source of the shares in this plan is the equity of the Company held by Hangzhou Shiweida Enterprise Management Consulting Partnership Enterprise (Limited Partnership) and Shanghai Xiankeda Corporate Management Consulting Partnership Enterprise (Limited Partnership), two holding platforms. A total of 728,000 restricted share units were granted. The qualified participants increase their capital in the holding platforms through obtaining shares of the holding platforms, and thereby indirectly hold the equity of the Company.

Under the 2025 RSUs Plan, 55 employees have signed share incentive grant agreements. The subscription price for the RSUs granted to the qualified participants is RMB20 per restricted share unit. The lock-up period of RSUs is being the 60 months from the grant date.

The following restricted share units were outstanding under the 2025 RSUs Plan as at 31 December 2025:

	As at 31 December 2025
	Number of restricted share units
Outstanding as at beginning of the year	–
Granted during the year	728,000
Forfeited during the year	(5,000)
Outstanding as at the end of the year	723,000

The fair value of RSUs is RMB56.07 per restricted share unit, which was estimated using back-solved model based on the most recent transaction price.

During the Relevant Periods, the Group recognised share-based payment expenses of RMB6,518,000 and RMB251,000, respectively.

29. DEFICITS

The Group

The amounts of the Group's deficits and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium of the Group represents the difference between the nominal value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents the share-based payments as set out in note 28 to the Historical Financial Information.

(c) Other reserves

Other reserves of the Group represent the carrying amounts of the ordinary shares with redemption features as stipulated in note 26 to the Historical Financial Information.

(d) Exchange fluctuation reserves

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities with functional currencies that are not RMB.

(e) Safety production reserve

The Group has appropriated safety production reserve fund for the purposes of safety production purposes as required by directives issued by the relevant PRC government authorities.

The Company

	Share premium	Other reserves	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	991,173	(1,716,475)	124,923	(545,064)	(1,145,443)
Loss and total comprehensive loss for the year	–	–	–	(393,525)	(393,525)
Issue of ordinary shares	465,271	–	–	–	465,271
Share-based payments	–	–	6,518	–	6,518
Recognition of redemption liabilities on ordinary shares	–	(467,500)	–	–	(467,500)
At 31 December 2024	1,456,444	(2,183,975)	131,441	(938,589)	(1,534,679)
At 1 January 2025	1,456,444	(2,183,975)	131,441	(938,589)	(1,534,679)
Loss and total comprehensive loss for the year	–	–	–	(290,388)	(290,388)
Share-based payments	–	–	251	–	251
At 31 December 2025	1,456,444	(2,183,975)	131,692	(1,228,977)	(1,824,816)

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

– ***Recognition of right-of-use assets and lease liabilities***

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets of RMB1,186,000 and lease liabilities of RMB1,186,000, in respect of lease arrangements for offices premises.

– ***Recognition of financial assets at fair value through profit or loss and contract liabilities***

During the year ended 31 December 2024, the Group had non-cash additions to financial assets at fair value through profit or loss and contract liabilities of RMB136,939,000 in respect of Verdiva Agreement.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Redemption liabilities on ordinary shares
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	9,908	14,778	2,123,260
Changes from financing cash flows:			
Interest paid for bank borrowings	(29)	–	–
Repayment of bank loans	(9,900)	–	–
Principal portion of lease payments	–	(2,793)	–
Interest paid for lease liabilities	–	(1,135)	–
Proceeds from issue of shares	–	–	467,500
Other changes:			
New leases	–	1,186	–
Accretion of interest recognised during the year	21	1,135	190,039
At 31 December 2024	–	13,171	2,780,799

	Other payables and accruals	Lease liabilities	Redemption liabilities on ordinary shares
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025	–	13,171	2,780,799
Changes from financing cash flows:			
Principal portion of lease payments	–	(3,645)	–
Interest paid for lease liabilities	–	(873)	–
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other changes:			
Accretion of interest recognised during the year	–	873	233,178
Changes from operating cash flows	(15,920)	–	–
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepaid **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
At 31 December 2025	4,767	9,526	3,013,977

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Within operating activities	339	439
Within financing activities	3,928	4,518
Total	**4,267**	**4,957**

31. COMMITMENTS

Capital commitments

Capital expenditure contracted by the Group at the end of each of the Relevant Periods but not yet incurred is as follows:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Property, plant and equipment	313	731

32. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

The Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Amounts due from subsidiaries		
– non-trading nature:		
Beijing Sciwind	185,962	190,956
Shanghai Sciwind	2,000	3,000
Total	**187,962**	**193,956**
Amounts due to subsidiaries		
– trading nature:		
Beijing Sciwind	27,303	25,228
USA Sciwind	13,023	–
Total	**40,326**	**25,228**

Amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

(b) Key management compensation

Compensation for key management to the Historical Financial Information is set out below.

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	11,741	10,410
Pension scheme contributions	430	350
Share-based payments	3,155	2,044
Total	**15,326**	**12,804**

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial assets at amortised cost:		
Trade receivables	–	4,113
Financial assets included in prepayments and other receivables	605	238
Financial assets included in other non-current assets	1,765	1,765
Cash and cash equivalents	639,772	839,071
Time deposits	10,256	85,890
Total	**652,398**	**931,077**
Financial assets at FVTPL:		
Wealth management products	562,206	100,147
Other unlisted investments, at fair value	136,939	124,575
Total	**699,145**	**224,722**

Financial liabilities

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities at amortised cost:		
Trade and bills payables	36,039	26,656
Financial liabilities included in other payables and accruals	10,968	26,149
Redemption liabilities on ordinary shares	2,780,799	3,013,977
Total	**2,827,806**	**3,066,782**

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and time deposits, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in payables, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which included wealth management products issued by banks in Chinese mainland and other unlisted investment. The Group has estimated the fair value of these wealth management products by using Monte Carlo Valuation Model. The Group has estimated the fair value of the unlisted investments by using Hybrid Method.

The fair values of the redemption liability on equity shares are determined based on the present value of future cash flows and are approximate to its carrying amount.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	–	562,206	–	562,206
Other unlisted investment	–	–	136,939	136,939
Total	**–**	**562,206**	**136,939**	**699,145**

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	–	100,147	–	100,147
Other unlisted investment	–	–	124,575	124,575
Total	**–**	**100,147**	**124,575**	**224,722**

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments . .	Hybrid Method	Expected volatility ("**EV**")	64.70%	5% increase/decrease in EV would result in increase/decrease in fair value by RMB914,000/RMB1,636,000
		Discount for lack of Marketability ("**DLOM**")	27.0%-29.5%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB2,785,000/RMB2,784,000

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments . .	Hybrid Method	Expected volatility ("**EV**")	67.73%	5% increase/decrease in EV would result in increase/decrease in fair value by RMB158,0000 /RMB150,000
		Discount for lack of Marketability ("**DLOM**")	24.0%-28.5%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB1,842,000/RMB1,842,000

The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest bearing bank borrowings, redemption liabilities on ordinary shares and cash and cash equivalents and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets at FVTPL, financial assets included in other non-current assets and prepayments, other receivables and other assets, trade and bills payables, and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rates, with all other variables held constant, of the Group's loss before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in foreign exchange rate	**Decrease/ (increase) in loss before tax**	**Decrease/ (increase) in loss for the year**
	%	*RMB'000*	*RMB'000*
Year ended 31 December 2024			
If RMB weakens against the USD	5	16,597	12,448
If RMB strengthens against the USD	(5)	(16,597)	(12,448)
Year ended 31 December 2025			
If RMB weakens against the USD	5	15,421	11,566
If RMB strengthens against the USD	(5)	(15,421)	(11,566)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	With 1 year or on demand	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024				
Trade and bills payables	36,039	–	–	36,039
Financial liabilities included in other payables and accruals	10,968	–	–	10,968
Redemption liabilities on ordinary shares	–	–	3,339,855	3,339,855
Lease liabilities	4,796	4,668	6,519	15,983
Total	**51,803**	**4,668**	**3,346,374**	**3,402,845**
As at 31 December 2025				
Trade and bills payables	26,656	–	–	26,656
Financial liabilities included in other payables and accruals	26,149	–	–	26,149
Redemption liabilities on ordinary shares	–	3,339,855	–	3,339,855
Lease liabilities	4,668	4,242	2,277	11,187
Total	**57,473**	**3,344,097**	**2,277**	**3,403,847**

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy cash flows in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

36. PLEDGE OF ASSETS

No assets of the Group have been pledged during the Relevant Periods.

37. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Group after 31 December 2025 and up to the date of issuance of this Historical Financial Information.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or the Group's subsidiaries in respect of any period subsequent to 31 December 2025.